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DEPT PASS TO USTR SUSAN SCHWAB FROM AMBASSADOR HUME  
DEPT FOR EAP/MTS

E.O. 12958: N/A

TAGS: [OVIP](#) [ETRD](#) [SENV](#) [EAID](#) [ID](#)

SUBJECT: LETTER FROM AMBASSADOR HUME TO USTR SCHWAB

¶1. (SBU) I wanted to thank you for agreeing to attend the Trade Ministers dialogue attached to the 13th Conference of Parties of the United Nations Framework of Convention on Climate Change (UNFCCC) in Bali, Indonesia on December 8th and 9th. I want you to know we will do everything we can to make sure your visit is a success. USTR's anti-illegal logging MOU with Indonesia is part of our forest conservation package for the conference.

¶2. (SBU) I understand that your preliminary travel plans have you flying directly into Bali. If that is the case, we recommend a meeting for you with Minister of Trade Mari Pangestu where you could discuss bilateral trade issues -- including Indonesia's concerns on negotiating a Bilateral Investment Treaty (BIT); how progress on intellectual property rights directly affects foreign direct investment; and desired outcomes from our Trade and Investment Framework Agreement (TIFA) dialogue. You could also discuss multilateral issues such as the WTO Doha Round and the U.S.-ASEAN TIFA.

¶3. (SBU) I recommend additional meetings in Jakarta if possible. A number of high-profile investment disputes involving U.S. companies are harming the investment climate and deterring foreign investment. Prominent U.S. companies -- including Intel, Times Inc, Mars, Nike, Microsoft and others -- have expressed concerns about the pace and progress of investment climate reforms. Continuing issues with rule of law and corruption coupled with Indonesia's new "negative list" of closed sectors aggravate these concerns. Chairman Muhammed Lutfi and his staff at the Investment Coordinating Board (BKPM) have been proactive in working with us to address investor issues. I think it would be useful for you to meet with Lutfi to discuss ways in which Indonesia can continue to improve the investment climate. Meeting with Lutfi would also present an opportunity to press for negotiating a new OPIC agreement with Indonesia. In addition, I recommend meeting with the Ministry of Agriculture to address Indonesia's continued refusal to allow importation of U.S. beef.

¶4. (SBU) I would also suggest speaking with members of Indonesia's Chamber of Commerce (KADIN). KADIN is comprised of a dynamic group of Indonesian businesspeople and entrepreneurs, and is growing more forceful and influential in its role in promoting economic reform. I see KADIN as a valuable ally in strengthening our trade and investment ties with Indonesia. Meeting with KADIN's members would send a strong signal of support of their efforts to promote reform.

¶5. (SBU) Thank you again for your upcoming visit. I look forward to welcoming you to Indonesia.

HUME